**Course Title: Consumer Loans Course Coordinator: Olga Khon**

**Credit Value: 5 ECTS Contact hours: 60**

**Runs in (2018/19): Semester 2, Quarter 3-4**

**Course Prerequisites: no**

**Open to exchange students: yes**

**At the end of the module you will have acquired:**

1. The ability to apply economic theory, models and empirical techniques to the analysis of decision making by individuals, health care providers and governments with respect to health and health care.
2. A critical awareness of the strengths and limitations of decision making and public policy in the context of health care.
3. A greater understanding of market failure, government failure and the policy options when both are prevalent.
4. An awareness of how ethical considerations become relevant in economic policy making.
5. An awareness and understanding of the full range of health ‘determinants’, including health care.
6. Skills of working critically with academic literature at the interface of theory and evidence.
7. Improved critical thinking and analytical skills.
8. Presentation, essay writing and problem solving skills.
9. Competence in independent research on selected topics

**Course Outline**

**Main objective of the course** is to improve basic knowledge and competences in personal finance and investment management through the understanding of consumer loans instruments and human behavior. To do that, students will touch upon both experiments and theory.

*First*, students will study basic theory of banking and non-banking financial activities that related to personal finance.

*Second*, students will learn how to extend classic financial models in the field of behavioral perspective.

*Finally*, students will study the most profound experimental observations and learn basic techniques how to make their personal financial decision using consumer loans instruments adjusted to human behavior.

**The course** has three parts:

– introduction to basic activity of banks and non-banking financial intermediaries adjusted to personal finance (topic 1),

– behavior aspects in banking and related experiments that tackle limits of classic theory of finance (topics 2-6),

-- applications of behavioral aspects of banking in personal financial decision-making subfields (topics 7-9).

**Literature**

The teaching is based both on research papers and textbooks. The following textbooks are recommended:

-- Fabozzi, Frank J., Modigliani, Franco P. and Frank J. Jones. Foundations of Financial Markets and Institutions: Fourth Edition. Pearson Education Limited, 2014. (Chapters 2, 3, 4, 5).

-- Mishkin, Frederic S. The Economics of Money, Banking, and Financial Markets: Eleven edition. Pearson Education Limited, 2015. (Chapters 9, 10, 11, 16, 24, 25).

-- Shiller, R.J. Finance and the Good Society. Princeton University Press, 2012. (Chapters 3, 5, 23, 25, 26).

-- Taleb, Nassiim N. (2010) The Black Swan: Second Edition: The Impact of the Highly Improbable: With a new section: “On Robustness and Fragility» (Incerto), 2010. (Chapters 10, 11).

**Assessment Methods**

**Target audience** includes following three groups:
-- future financiers, consultants and analysts;
-- future academics interested in behavioral finance and classic theory of finance field;

-- general audience that is interested in the excited world of finance.

**Key competences** acquired in the course make a student able:

-- to manage personal finance and to make an optimal (risk-return) financial decision;

-- to implement behavioral aspects of consumer loans features to personal decision-making perspective;

-- to use established academic financial theories in practice.

**Assessment** includes the final exam grade (50%), in-class participation (20%) and home assignments (30%).

The final exam consists of questions for each topic of the course and lasts 80 minutes. The maximal grade for the exam is 100 points.

The in-class participation covered the attendance and in-class activity. The maximal grade for the in-class participation is 20 points.

The home assignments can be completed both individually or in groups (up to 5 participants). The maximal grade for an assignment is 100 points.